

Fiscal Note

Fiscal Services Division



HF 478 – Property Assessment Appeal Board Sunset (LSB1923HV)

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Fiscal Note Version – New

Description

House File 478 strikes the future repeal date of the Property Assessment Appeal Board (PAAB), indefinitely extending the PAAB's operations. The Bill also modifies language regarding the form of filing of appeals with the PAAB by combining the contents of the notice of an appeal and a petition, requiring only one document be filed. Additionally, the Bill provides for electronic recording of appeal testimony given in front of the PAAB, strikes confidentiality provisions, and requires the PAAB to adopt rules establishing requirements for notices of voluntary settlements in appeals before the board to be served upon affected tax districts.

The Bill also strikes provisions in Iowa Code section [441.38](#) regarding judicial review of PAAB decisions, specifying that such decisions are governed by Iowa Code chapter [17A](#) (Iowa Administrative Procedure Act). The Bill requires petitions for judicial review to be filed in the county where the subject property is located, eliminating the option to file for an appeal in Polk County.

Background

Operating under the auspices of the Department of Revenue (DOR), the PAAB was established in 2005 pursuant to [House File 847](#) (Property Tax Assessment Changes). The legislation included a future repeal of the PAAB effective July 1, 2013, which was amended in 2013 to extend the future repeal date to July 1, 2018. In 2015, the future repeal provision was again extended to July 1, 2021. The PAAB conducts administrative hearings on contested cases to review any final action of a local board of review relating to protests of real property assessment, valuation, or application of an equalization order.

For FY 2017, the PAAB estimates staffing and operating costs will total approximately \$906,000. Board staffing includes three board members, two attorneys, and one administrative assistant. The PAAB receives funding as a part of the General Fund appropriation to the DOR.

Assumptions

- It is assumed that, under current law, the PAAB would not be replaced by any other body with a similar purpose upon the repeal of the sunset date. Operating costs for PAAB are presumed to continue indefinitely.
- This estimate does not account for continued administrative costs resulting from property assessment appeals pursued through other means. It is assumed that taxpayers will not pursue all of the same property assessment appeals in the court system.
- As a result of projected salary growth and changing technological needs, it is anticipated that PAAB operating costs will increase as well. Using projections provided by Moody's Analytics of the Consumer Price Index for Urban Consumers for January 2017, it is assumed that PAAB operating costs will increase by 11.6% by FY 2022.

Fiscal Impact

No fiscal impact to the State General Fund is projected for the remainder of FY 2017, and for FY 2018 through FY 2021. Beginning in FY 2021, it is estimated that [HF 478](#) will increase General Fund expenditures by approximately \$1.0 million annually, as shown in **Table 1** below.

Table 1: Estimated General Fund Impact of HF 478 by Fiscal Year						
(In Millions)						
	<u>FY2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
PAAB Operations	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.0

Sources

Department of Revenue
Legislative Services Agency

/s/ Holly M. Lyons

March 6, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.